

Argument Against Proposition 78

THE DRUG LOBBY IS SPENDING HISTORIC AMOUNTS TO BLOCK THE REAL SOLUTION FOR FAIR DRUG PRICES

Prop. 78 is a smokescreen designed and bankrolled with tens of millions of dollars from the prescription drug lobby to block Prop. 79, a real discount solution put forward by consumer, health, and senior groups. *Under their cynical strategy, if both measures get a majority, the one with more votes becomes law.*

Newspapers report that just one contribution from GlaxoSmithKline for \$8.5 million could be “the largest ever from a corporation to a California campaign.” *Drug companies donated \$50 million to Prop. 78 by mid-July, on track to run what could be the most expensive initiative campaign in California history.*

Jan Faiks, VP with PhRMA, the industry’s lobbying arm, told the *Los Angeles Times* “the industry would spend ‘whatever it takes’ to defeat [Prop. 79].”

PROP. 78 RELIES ON MANUFACTURERS TO VOLUNTEER DISCOUNTS: A PLAN PROVEN TO FAIL

Prop. 78 relies on drug manufacturers to voluntarily lower their prices and does not allow the state of California to enforce the program.

California tried this voluntary approach in 2001. The Golden Bear State Pharmacy was designed to offer seniors voluntary discounts on prescription medications. More than 500 drug manufacturers were invited to participate, yet only 14 agreed. Unable to implement it successfully, Governor Schwarzenegger closed the program.

According to news reports, the drug companies said they didn’t participate in Golden Bear because if they did, they would have to give the federal government the same rebates they were giving California seniors. Have they really changed their minds four years later? Can we trust the manufacturers to voluntarily lower their prices now? No.

PROP. 78’S DISCOUNTS CAN END AT ANY TIME

The drug lobby buried a provision in Prop. 78 that allows them to effectively close their discount program when too few manufacturers voluntarily lower their prices.

As stated in their initiative, Prop. 78 could end at any time if there are too few participating manufacturers, or insufficient discounts, or too few participating consumers.

Make no mistake, this provision was included by the drug companies so they can end the program at any time and protect their profit margins.

FEWER PEOPLE ARE ELIGIBLE, DISCOUNTS ARE LESS

Half as many Californians are eligible for discounts under Prop. 78 as under Prop. 79. Prop. 78 provides no discounts to many uninsured Californians, those with catastrophic medical bills, and the chronically ill such as cancer and diabetes patients with inadequate drug coverage.

The discounts offered by Prop. 78 are based on the “lowest commercial price” set by the drug companies. These discounts could be anywhere from 15 to 40 percent—significantly less than Prop. 79’s discounts.

VOTE NO on PROP. 78, a smokescreen by the pharmaceutical industry to block the real solution to high prices.

Instead, VOTE YES on PROP. 79 for fair prescription drug prices.

NANCY J. BRASMER, President

California Alliance for Retired Americans

RICHARD HOLOBER, Executive Director
Consumer Federation of California

JACQUELINE JACOBBERGER, President
League of Women Voters of California

Rebuttal to Argument Against Proposition 78

Proposition 78 is based on a successful Ohio program that delivers big discounts to consumers. Every major drug manufacturer participates in Ohio. Proposition 78 is an improved version of Ohio’s program and will produce even larger discounts.

Even opponents admit that Proposition 78 could result in 40% discounts for consumers. Because it is adapted from a program already in operation, Proposition 78 won’t be subject to lengthy court challenges. Unlike Prop. 79, Proposition 78 doesn’t need federal government approval. Prop. 78 can take effect immediately, helping millions of seniors and low income, uninsured Californians get relief from high prescription drug costs.

The comparison to the Golden Bear program is misleading. That program was flawed, couldn’t be implemented under federal rules to give Californians the largest discounts possible, and was abandoned by the state. Proposition 78 was written to FIX that problem.

This year, the Schwarzenegger administration, working with leading Democrats, came together in the Legislature to support the Cal Rx program contained in Proposition 78.

Had some legislators not succumbed to pressure from special interest groups and defeated Cal Rx in the Legislature, Californians would already be getting drug discounts.

Opponents falsely claim Proposition 78 can be abolished by drug companies. **ONLY THE STATE** can end the program if, for example, federal law changes and a new program becomes available that is better for Californians.

Proposition 78 is supported by dozens of groups representing seniors, taxpayers, small businesses, consumers, health care advocates, and patient groups. It offers millions of Californians real help, right now on prescription drug prices. **Vote YES on Proposition 78.**

TOM MURPHY, Chair

California Arthritis Foundation Council

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